

MAINTENANCE LEVEL 2

M2-MB Hospital Safety Net Adjustment

PLACEHOLDER

RECOMMENDATION SUMMARY TEXT

The Health Care Authority (HCA) requests \$3,373,000 (\$3,311,000 GF-State) in the 2016 Supplemental for an adjustment to the funding for the Hospital Safety Net Assessment (HSNA) Program. This represents a change of federal and local appropriation. The funding changes are necessary to support Safety Net payments on Managed Care premiums for clients covered under the Affordable Care Act (ACA). This funding request will be updated with the availability of the final Fall 2015 Medical Assistance Forecast.

PACKAGE DESCRIPTION

Per RCW 74.60.050(2)(a), the HCA may reduce the amount of assessment to the minimum level necessary if sufficient other funds, including federal funds, are available to make the required payments under RCW 74.09.611 and Chapter 74.60 RCW. This may result in a lower assessment on the Safety Net hospitals, supported by a increase in federal expenditure.

The change of FMAP allocation for ACA clients may impact local fund expenditure and federal expenditure allotments.

Changing the local fund expenditure allotment by \$62,000 and therefore changing the federal expenditure allotment by \$3,311,000 should allow the Authority to manage the fund between the upper and lower premium range. The change of federal funding may change costs at Washington hospitals related to the Safety Net but would still ensure appropriate access to care.

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FISCAL DETAILS/OBJECTS OF EXPENDITURE

	FY 2016	FY 2017	Total
1. Operating Expenditures:			
Fund 001-C GF-Federal Medicaid Title XIX	\$ 888,000	\$ 2,423,000	\$ 3,311,000
Fund 16W-1 Hospital Safety Net	\$ -	\$ 62,000	\$ 62,000
Total	\$ 888,000	\$ 2,485,000	\$ 3,373,000

	FY 2016	FY 2017	Total
2. Staffing:			
Total FTEs	-	-	-

	FY 2016	FY 2017	Total
3. Objects of Expenditure:			
A - Salaries And Wages	\$ -	\$ -	\$ -
B - Employee Benefits	\$ -	\$ -	\$ -
C - Personal Service Contracts	\$ -	\$ -	\$ -
E - Goods And Services	\$ -	\$ -	\$ -
G - Travel	\$ -	\$ -	\$ -
J - Capital Outlays	\$ -	\$ -	\$ -
N - Grants, Benefits & Client Services	\$ 888,000	\$ 2,485,000	\$ 3,373,000
Other (specify) -	\$ -	\$ -	\$ -
Total	\$ 888,000	\$ 2,485,000	\$ 3,373,000

	FY 2016	FY 2017	Total
4. Revenue:			
Fund 001-C GF-Federal Medicaid Title XIX	\$ 888,000	\$ 2,423,000	\$ 3,311,000
Fund 16W-1 Hospital Safety Net	\$ -	\$ 62,000	\$ 62,000
Total	\$ 888,000	\$ 2,485,000	\$ 3,373,000

NARRATIVE JUSTIFICATION

WHAT SPECIFIC PERFORMANCE OUTCOMES DOES THE AGENCY EXPECT?

This fund shift will allow the agency to comply with all requirements under state law for the Hospital Safety Net Assessment Program, which will bring in revenue of \$79,920,000 in fiscal year 2016 and \$59,940,000 in fiscal year 2017 to the state.

There is no impact on clients or services provided.

PERFORMANCE MEASURE DETAIL

Activity Inventory

H005 HCA National Health Reform

IS THIS DECISION PACKAGE ESSENTIAL TO IMPLEMENT A STRATEGY IDENTIFIED IN THE AGENCY'S STRATEGIC PLAN?

The mission of the HCA is to provide high quality health care to the state's most vulnerable residents. This request contributes to the Authority's mission by supporting high quality healthcare performed at our Safety Net hospitals.

DOES THIS DECISION PACKAGE PROVIDE ESSENTIAL SUPPORT TO ONE OR MORE OF THE GOVERNOR'S RESULTS WASHINGTON PRIORITIES?

This request supports the Governor's "Healthy People" goal, to help "provide access to good medical care to improve people's lives." This proposal ensures access to care to essential hospital services by maximizing the federal share received due to Hospital Safety Net activities.

WHAT ARE THE OTHER IMPORTANT CONNECTIONS OR IMPACTS RELATED TO THIS PROPOSAL?

The changes related to this proposal directly impact Washington State Hospitals which are assessed or paid via the Hospital Safety Net.

WHAT ALTERNATIVES WERE EXPLORED BY THE AGENCY, AND WHY WAS THIS ALTERNATIVE CHOSEN?

None, this is a funding shift required by RCW 74.60.050.

WHAT ARE THE CONSEQUENCES OF NOT ADOPTING THIS PACKAGE?

Not adopting this request to will impact the HCA's ability to support Safety Net payments on Managed Care premiums for clients covered under the Affordable Care Act (ACA). The HCA would have to substitute state funds to support the increase in managed care payments.

WHAT IS THE RELATIONSHIP, IF ANY, TO THE STATE CAPITAL BUDGET?

None

WHAT CHANGES WOULD BE REQUIRED TO EXISTING STATUTES, RULES, OR CONTRACTS TO IMPLEMENT THE CHANGE?

None

EXPENDITURE AND REVENUE CALCULATIONS AND ASSUMPTIONS

REVENUE CALCULATIONS AND ASSUMPTIONS:

The revenue change is calculated by using the inverse of the federal share increase for payment changes. For the purposes of ensuring that we have the appropriate funding level going forward, the HCA used the lower limit for revenue projections, increased by forecasted trends for member growth.

EXPENDITURE CALCULATIONS AND ASSUMPTIONS:

The expenditure change is calculated using the upper limit federal expenditure increase, offset by the lower limit local expenditure decrease. For the purposes of ensuring that we have the appropriate funding level going forward, the HCA uses the upper limit for federal share increase projections.

DISTINCTION BETWEEN ONE-TIME AND ONGOING COSTS:

Estimated costs are on-going through July 1, 2019, when the Hospital Safety Net legislation expires.

BUDGET IMPACTS IN FUTURE BIENNIA:

The costs associated with this request are anticipated to continue until the expiration date of July 1, 2019.